

SINGLE DEPOSIT INVESTMENT ACCOUNT

HOW THE PLAN WORKS

* You may leave the funds in your “Single Deposit Investment Account” (SDIA) account and let the account earn income each month. You may leave the funds untouched until you reach 70 ½ years of age. At that time, the Federal government states that you must take a “Minimum Distribution” that year and every year thereafter. The “Minimum Distribution” is calculated by our third-party administrator (at this time it is ATR, Inc. in PA) based on the appropriate tables and the ages of you and your beneficiary. During the year that you are 70 ½ you will receive a letter along with a “State of Vermont” “The Single Deposit Investment Account – Age 70 ½ Distribution Minimum Required Distribution” (MRD) form for you to complete and return to: the **Vermont State Retirement Systems, 133 State Street, Montpelier, VT 05633-6901.** Interest is taxable.

* You may take periodic withdrawals as long as they are at least 90 days apart. A form will need to be completed the first time you take a distribution. After that you can request a distribution by letter including your name, address, social security number, phone number and signature. Requests for partial withdrawals are processed on the 15th of the month and the last working day of the month. After we process your request on that date, it will take two to three (2-3) weeks for you to receive a check at your home. It is important that you be at the address given at the time the check is mailed, as SDIA checks cannot be forwarded to another address.

* You may request to take a total or partial rollover of your SDIA funds and roll the funds into a tax-deferred account. If you wish to do this, you will need to notify us either by submitting a form or, if you have already taken a distribution, a letter stating what you wish to do. All funds can now be rolled over; where in the past you could only rollover taxable monies. If you do a complete rollover, your taxed funds (original contributions deposited into the SDIA account back in the 80’s) can also be rolled over as long as the financial institution accepts taxed monies and will treat those monies accordingly. You just want to make sure the financial institution designates these funds as “taxed”. **Rollovers** can only be processed on the last working day of the month. A check will be sent to you payable to the financial institution within two to three (2-3) weeks. It is your responsibility to make sure the check is sent to the financial institution. If you are 70 ½ or older, you must take your minimum distribution for that year and state whether you wish to have withheld from that minimum distribution. Your minimum distribution amount cannot be rolled over.

* You may also take a complete withdrawal of your SDIA funds. This option is only processed on the last working day of the month. If you take a complete withdrawal, your account balance will be taxed at 20% for federal income taxes. State withholding, if applicable will automatically be applied to that amount and your payment will be reduced

accordingly. If the amount is under \$200.00, the distribution is not subject to the 20% mandatory federal withholding.

* Please also note that if the 15th or the last working day of the month falls on a holiday or on the weekend, the report is processed the previous workday so you should plan for this change. Also, because you are retired all change in addresses should be in writing. If you leave seasonally and ask for a withdrawal during that time, I would need to know your *Permanent Residence (address)*, and the address as to where you want the check mailed. As checks cannot be forwarded, participants have in the past experienced difficulty in receiving their checks. Also we need to know your *Permanent Address* as that is the address where the 1099's are sent every January for the preceding year by State Street Bank in Boston, MA.

* In the event of your death, your account will belong to your beneficiary. If your beneficiary is your spouse, then he/she will have the same options as yourself and will be the owner of this account for his/her lifetime. The spouse would have to name a new beneficiary for this account. Upon your beneficiary's death the account would transfer to his/her beneficiary/ies name. If he/she were to choose a child, grandchild, friend, etc., then they would have only one year to take a complete withdrawal. They would not be able to roll over the funds.

* In the event that the SDIA participant names his/her children as beneficiaries, the SDIA account would be split equally among them (unless stated otherwise on the beneficiary form) and they would have five years to close out the account. They would have a choice to take out partial withdrawals as long as the funds were completely withdrawn by five years of the date of the original participant's death. They would not be able to do a rollover of the funds.

* If the participant was 70 ½ or older, the beneficiary/ies would be required to take a yearly minimum distribution on that account.

CONTACT PERSON:

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